



**AUSGROUP LIMITED**  
(the "Company")  
(Incorporated in the Republic of Singapore)  
(Registration No. 200413014R)

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**RESPONSE TO SGX QUERY ON DISCLOSURE IN THE AUDITED ANNUAL REPORT FOR  
THE YEAR ENDED 30 JUNE 2015**

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The Board of Directors (the "Board") of AusGroup Limited (the "Company" or "Group") would like to respond to the queries from the Singapore Exchange Securities Trading Limited ("the **SGX-ST**") regarding the annual report for the financial year ended 30 June 2015. The Company sets out below its responses to the queries.

**Question 1**

***Paragraph 11.3 of the Code states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's Annual Report. As recommended in paragraph 11.3 of the Code and pursuant to Rule 710 of the Listing Manual, please make disclosures on the Board's comments on the adequacy and effectiveness of the Company's risk management systems or otherwise explain the reason(s) for the deviation from the following Code recommendations.***

**Company's response**

Based on the Group's existing framework of management controls, risk management systems, internal control policies and procedures, as well as reviews performed by management, the internal and external auditors and the Board, the Board with the concurrence of the Audit Committee, is of the opinion that the internal controls of the Group addressing financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective.

The Board notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

**Question 2**

***It was disclosed that the net proceeds received by the Company of approximately S\$25.2 million from the issuance of 70,000,000 shares pursuant to a placement exercise made on 27 June 2014 have been fully utilized and S\$6.9 million have been used for general working capital of the Group. As required by Rule 1207(20) of the Listing Manual, where proceeds have been used for working capital, please disclose the breakdown with specific details on how the proceeds have been applied.***

36 Tuas Road  
Singapore 638505  
T +65 6862 5233  
F +65 6862 5211  
E info@ agc-ausgroup.com  
www.agc-ausgroup.com

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Company's response

Throughout the FY2015 we had made progressive disclosure of the use of net proceeds for working capital from the capital raising conducted on 27 June 2014 in accordance with Rule 1207(20).

At each of our quarterly SGX reporting announcements in the FY2015, we outlined the set of circumstances leading to the placement exercise being made, and provided a breakdown of the net proceeds, the balance allocated for use in expansion activities, and the balance allocated for use for general working capital activities of the Group.

Per the original announcement dated 9 April 2014, the Group stated the intention to use 20-30% of the placement proceeds for working capital requirements. By the conclusion of Q2 FY2015, all of the net proceeds of S\$25.2m had been utilized of which S\$6.9m, or 27.3% had been used for their intended purpose of working capital to support the ongoing order book and revenue growth. This was disclosed in our Q2, Q3, and annual report (p45) as lodged with the SGX-ST.

The Board collectively and individually takes responsibility for the accuracy of the aforesaid replies to the queries raised by the SGX-ST.

BY ORDER OF THE BOARD

Gerard Hutchinson  
Managing Director  
21 October 2015